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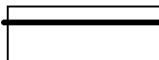
# National Intelligence Daily

*Wednesday*  
*3 February 1982*

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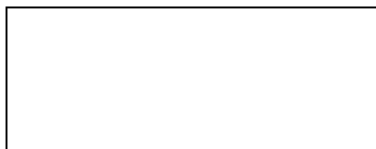
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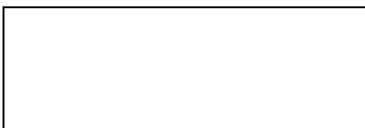
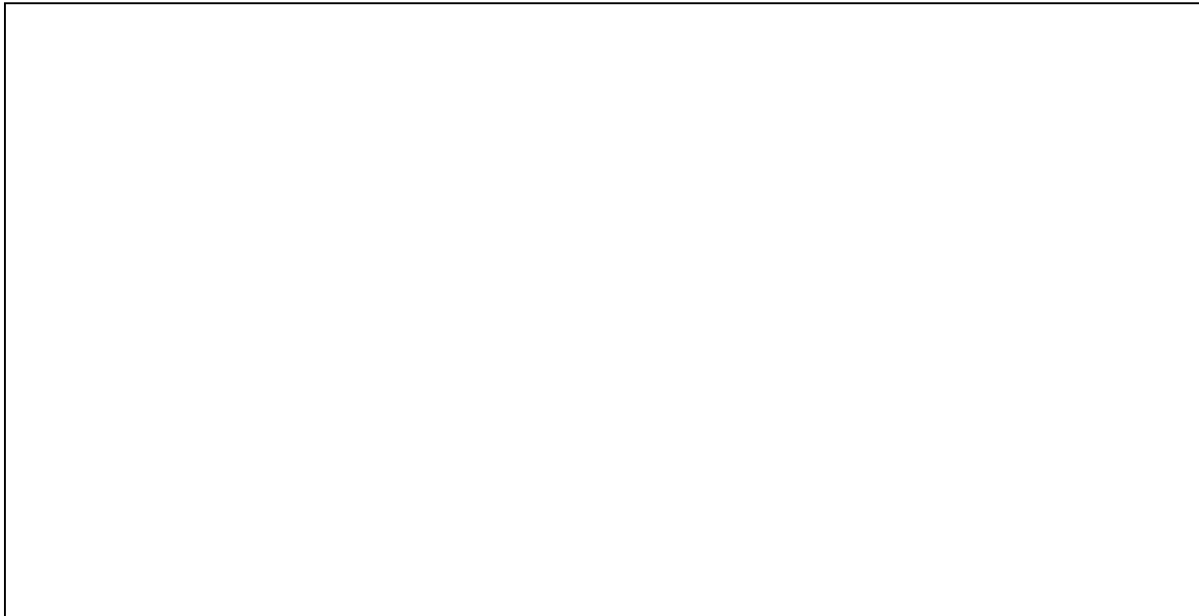


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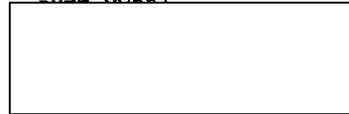
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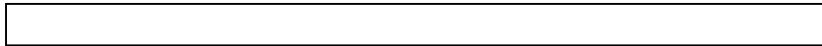


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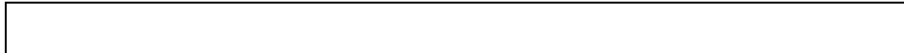


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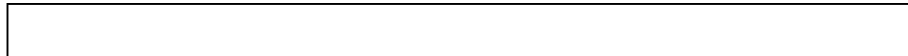


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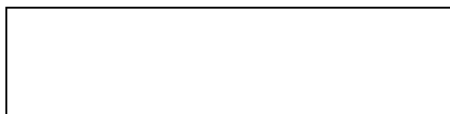
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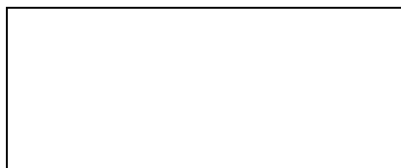
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POLAND: Unrest Continues

Tensions seem to have increased following the Gdansk demonstrations. More underground Solidarity publications are appearing in Warsaw, and the editor of a major paper apparently has been able to prevent the dismissal of staff journalists. The French and Polish Foreign Ministers probably will meet today in Paris.

Solidarity Underground Press

Western diplomats have recently seen copies of several new Solidarity publications, including a "magazine" that claims to be a weekly publication. The magazine--more professionally done than earlier publications--appears to have been produced by an underground press organization that never went public during Solidarity's heyday.

Comment: The appearance of a more polished publication seems an important moral victory for Solidarity organizers and is intended to signal the union's determination to engage in a lengthy contest with authorities. The expanding underground press is a major part of Solidarity's campaign to encourage passive resistance and to raise the morale of the populace by demonstrating that the union is active.

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### Purge Resisted

The deputy editor of a national daily newspaper [ ] that he successfully appealed the dismissals of journalists ordered by the "verification" committee, saving about half those slated to be purged. He also claimed that Premier Jaruzelski supported a greater degree of editorial independence for the paper, which had been known for espousing liberal views prior to the imposition of martial law. The editor, nonetheless, was pessimistic about holding off the hardliners indefinitely. [ ]

Comment: This incident demonstrates that moderates in the regime can at least temporarily check excesses committed by hardliners. Such reprieves do not necessarily open the door to liberalization, however, because those whose jobs have been saved will probably exercise considerable self-restraint. [ ]

### French and Polish Officials To Meet

Foreign Minister Czyrek is in France to attend the national congress of the French Communist Party and will probably meet French Foreign Minister Cheysson today. This is the first high-level French contact with Warsaw since the imposition of martial law. [ ]

Comment: Czyrek was anxious for the meeting in order to demonstrate that high-level diplomatic contacts are continuing despite Western criticism of the regime.

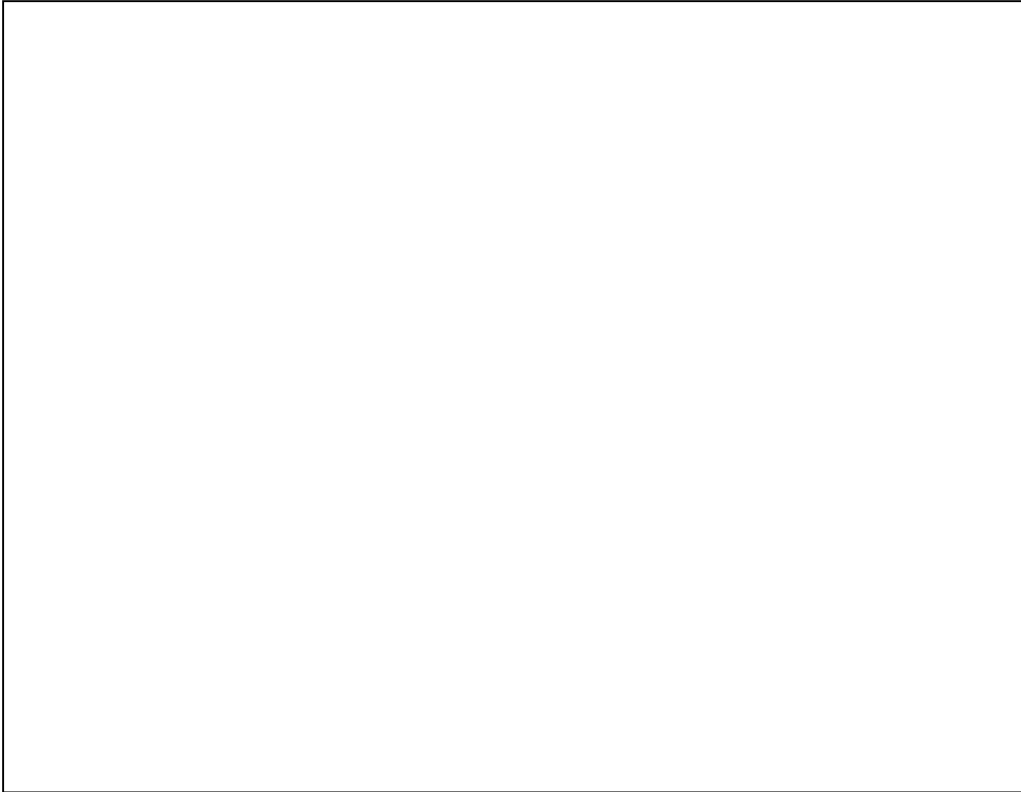
[ ]  
[ ] Despite the meeting, Paris is unlikely to soften its attacks on the martial law government. President Mitterrand wants to continue using events in Poland to embarrass the French Communist Party, whose timid response has isolated it from other French political parties and from major European Communist parties. [ ]  
[ ]

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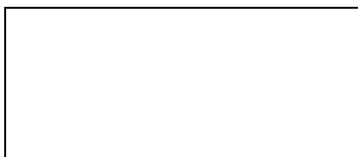


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JORDAN: More Activist Foreign Policy

*King Hussein's offer last week to send volunteers to Iraq to help fight Iran is consistent with his strategy of forging an alliance of moderate Arab states to resist the growing influence of Syria, Libya, and Iran.* [redacted]

[redacted]

Comment: Sending volunteers probably is designed mainly to strengthen Iraqi morale and to stimulate more aid from other Arab states. [redacted]

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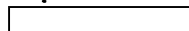
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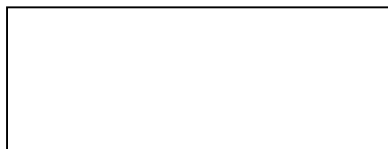
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# NATO: Arms Control in Space

Several Allies are urging that NATO adopt a unified strategy for dealing with outer space arms issues. [redacted]

The West Europeans, especially the French and West Germans, have asked the US to quicken the pace of its policymaking on outer space arms control in order to permit Alliance consultations on the subject. The Allies worry that the Soviet draft treaty on outer space arms control--which all of them reject--will be the only solid proposal tabled when the UN Committee on Disarmament takes up the issue late this month. They also expect the issue to be debated this summer at the Special UN General Assembly Session on Disarmament and at a meeting of the Committee on Disarmament. [redacted]

Most Allies are interested in consultations on anti-satellite weapons. The Netherlands also hopes that NATO will hold preliminary talks on spaced-based strategic defense systems. The West Europeans recognize the verification problems that an outer space arms limitation agreement would pose, and have asked for early US participation in NATO consultations in order to sharpen definition of the issues. [redacted]

Comment: The Allies are disappointed at the lack of arms control progress and will use forthcoming NATO, EC, and UN meetings to urge Washington to take the lead in working out a unified strategy. The prospect of a US-Soviet antisatellite agreement appeared fairly promising to many West European experts before the crisis in Afghanistan. [redacted]

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#### GUATEMALA: Preelection Atmospherics

*General Guzman, the ruling coalition's presidential candidate, is favored to win the elections on 7 March, but increased guerrilla actions, coup rumors, and political maneuvering will keep the pre-election period unsettled.* [redacted]

Recent opinion polls show that Guevara has taken a substantial lead over three civilian candidates, largely because of heightened concern over the insurgency. [redacted]

[redacted] The controlled legislature will name Guevara president if he receives a simple plurality of the popular vote. [redacted]

Guevara, a former Defense Minister, was selected by President Lucas as a compromise military candidate.

[redacted] the military is supporting him. [redacted]

[redacted]  
Mario Sandoval, leader of a popular rightwing party. Meanwhile, opposition candidates are charging the government with fraud and harassment, and two centrist parties are considering withdrawing from the elections. [redacted]

Comment: Sandoval also has complained of irregularities, but he likely has made a deal with the government. He will probably not use his substantial paramilitary forces to contest the election results. [redacted]

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UNITED ARAB EMIRATES - SUDAN: Possible New Aid

United Arab Emirates officials indicate they will provide Sudan with new balance-of-payments aid--probably \$50 million--if the Sudanese request it and undertake specific economic reforms. Khartoum will need to act immediately if it is to secure this aid before Friday when the IMF will consider a \$220 million loan for Sudan. As a condition for the loan, the Fund is requiring that Sudan close its balance-of-payments gap anticipated for 1982. Sudan was still at least \$85 million short of this goal after an aid donors' meeting last week.

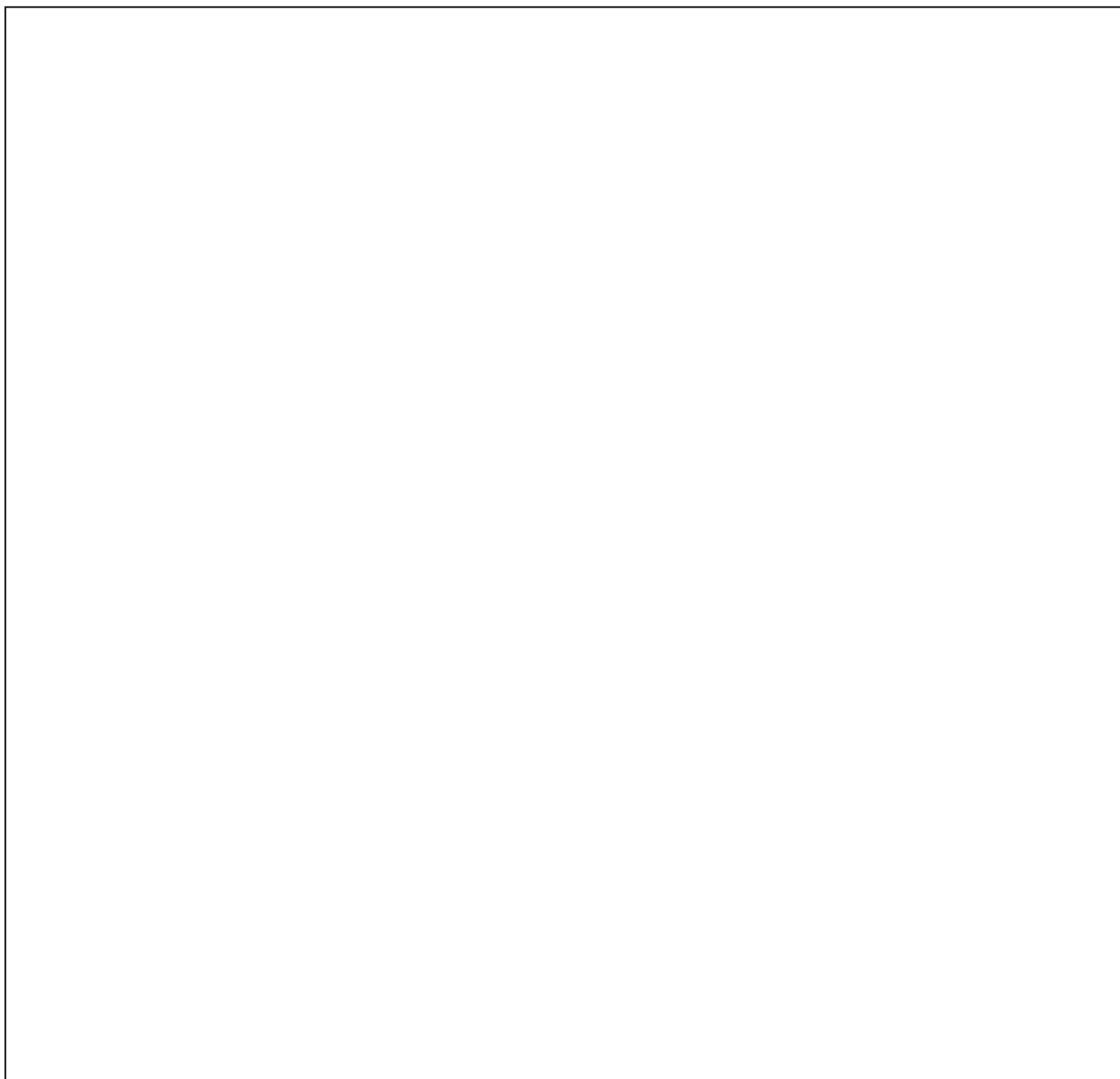
Comment: Without the bilateral and IMF aid, Sudan will face severe shortages and more economic hardship. Even with such assistance, however, implementation of austerity measures will be difficult.

TANZANIA: Opposition to Nyerere

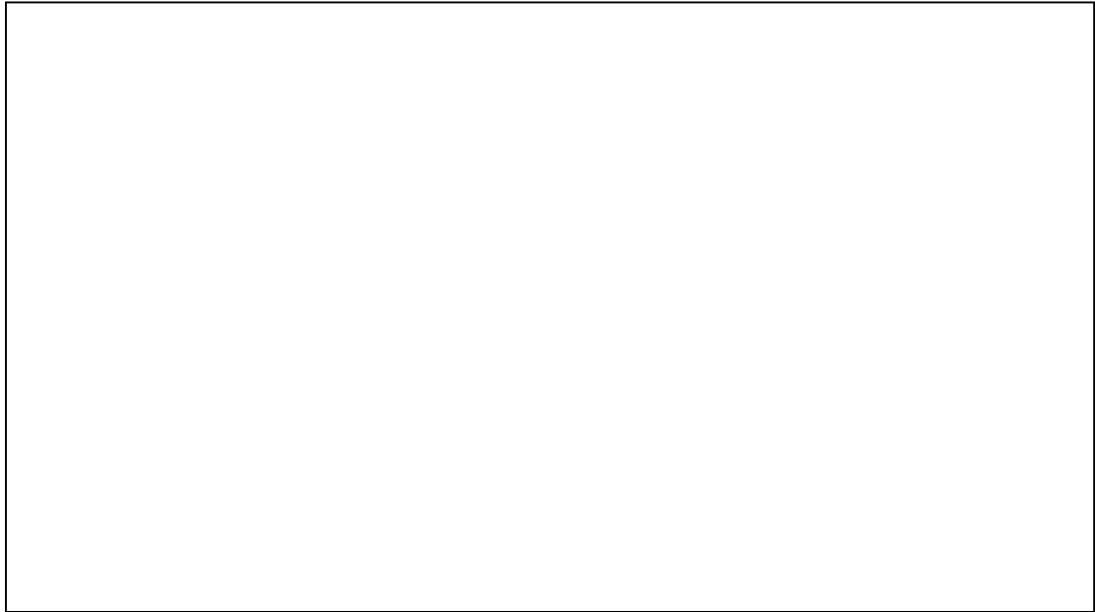
President Nyerere is facing growing dissatisfaction from among high-level officials who blame him for the deteriorating economy and from prominent Zanzibaris who resent attempts by mainland officials to control the economic and political affairs of the island.

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**Measures of the Importance of Soviet-Western Trade  
to Selected Western Countries, 1980**

Soviet Trading Partner	Exports to USSR as Percent of Exports to World	Imports From USSR as Percent of Imports From World	Percent of Trading Partner's GNP	
			Exports to the USSR	Imports From the USSR
Argentina <sup>a</sup>	15.0	0.2	0.8	NEGL.
Australia	5.1	0.1	0.8	NEGL.
Austria	2.7	4.2	0.6	1.3
Brazil <sup>a</sup>	2.1	0.2	0.2	NEGL.
Canada	2.1	0.1	0.5	NEGL.
France	2.2	2.7	0.4	0.6
Italy	1.6	3.0	0.4	0.8
Japan	2.1	1.3	0.3	0.2
Netherlands	0.7	1.6	0.3	0.8
United Kingdom	0.9	1.5	0.2	0.4
United States	0.7	0.2	0.1	NEGL.
West Germany	2.3	2.2	0.5	0.5

<sup>a</sup> Estimated.

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## SPECIAL ANALYSIS

### USSR: Hard Currency Outlook

[redacted]

*Skyscraping imports from the West--especially grain--and a soft world market for Soviet oil are the major factors in the Soviet hard currency squeeze. Only in the unlikely event that both are reversed can the USSR expect relief over the next few years. Substantial hard currency support to Poland would seriously compound the problem.* [redacted]

Moscow has already stepped up gold sales [redacted]

[redacted] The Soviets also have increased their borrowing from western banks and have been seeking longer term credits. [redacted]

[redacted]

In addition, the USSR appears to be rethinking its short-term import plans. Soviet trade officials reportedly have been instructed not to place new orders for Western electronics equipment--a high-priority item--until next summer at the earliest. Some orders for spare parts and maintenance contracts also have been postponed. [redacted]

#### The Longer Term

If, as appears likely, the USSR fails to maintain its current level of crude oil exports to the West, a major hard currency shortage is in store for the coming years. The only possible significant new source of hard currency earnings is the Yamal natural gas pipeline, but it will not come on stream until 1986 at the earliest. Even anticipated annual net earnings from the pipeline of \$5 billion will not offset the expected drop in income from oil exports unless Moscow reduces supplies now going to Eastern Europe--a possible but politically risky alternative. [redacted]

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Other exports are likely to show little or no growth in the 1980s. Prospects for nonenergy raw materials exports are poor because production and transportation costs are high. Exports of manufactures probably will not increase much because of deficiencies in quality and marketing. [ ]

Receipts from arms sales, including payments for earlier deliveries, are already large--about \$5 billion a year--and a substantial increase appears unlikely. More gold sales run the risk of spoiling the market. [ ]

#### Credits Crucial

A stagnation or decline in hard currency earnings will mean no increase in hard currency imports unless the West provides the necessary credits and Moscow accepts the resultant major increase in its hard currency debt. If imports increase at only 3 percent a year in real terms, indebtedness and debt service requirements would almost certainly reach an unacceptable level by the end of the decade. [ ]

Debt would rise from \$12 billion at present to nearly \$40 billion in 1985, and to \$100 billion or more by 1990. The debt service ratio would be at least double by 1985. If Moscow funds some of the estimated \$2 billion to \$3 billion a year in imports Poland can no longer buy from the West, the Soviet debt would climb commensurately. [ ]

The USSR is not likely to push hard currency imports to the limit that Western creditors will finance. Instead, Moscow probably will choose to cut back on imports judged least essential. [ ]

This will require tough decisions because most of the goods imported from the West are important to such high-priority goals as military-related production, food production, energy development, and higher technological and productivity levels for Soviet industry. [ ]

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